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City of Burlington _

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BOARD OF FINANCE MONDAY, FEBRUARY 6, 2012

MINUTES

PRESENT: Mayor Kiss, City Council President Keogh, Councilors Wright and Paul.

ABSENT: Councilor Mulvaney-Stanak

ALSO PRESENT: Interim CAO Schrader; Councilors Bushor and Decelles; Joe Reinert, Mayor's Office; Amber Thibeault, Mike Flora, Stephen Barraclough, Burlington Telecom, Phil Lavigne.

1. Agenda

On a motion by City Council President Keogh and Councilor Paul, the agenda was adopted as presented.

2. Public Forum

Councilor Paul stated that Lea Terhune had concerns about the position for Burlington Telecom because positions should be created after a new administration is in place. The new administration will look at positions that are needed or not needed.

Mayor Kiss stated that in the future public forum should be used by people who are actually present.

Phil Lavigne, a member of the audience, verified the comments Councilor Paul had made on behalf of Lea Terhune.

3. Approval of the Board of Finance Minutes

- a. December 5, 2011
- b. December 19, 2011
- c. January 9, 2012

On a motion by City Council President Keogh and Councilor Wright made a motion to approve the minutes. The motion passed unanimously.

4. Internet Bandwidth – BT

Stephen Barraclough, BT, stated there were 3 contracts. Contract A expired last year and was replaced at a lower cost on a month-to-month basis. Contract B would expire in March and the supplier had been asked to come back with a lower rate. This was done and the rate will be much

lower than the existing one. However, a 12 month agreement would be required. That contract would save over \$7,000 a month. He explained that savings were actually higher than that because it would replace 400MB with 1G. Other existing suppliers have said they would match the lowest price. If that is true, the total savings will be around \$140,000 and result in a 43% increase in bandwidth.

Councilor Wright inquired what would happen without the bandwidth increase. Mr. Barraclough stated that it would be difficult to add new customers. This would position Burlington Telecom for future business and would keep their performance strong. There was no other option available other than to increase. Mr. Barraclough noted that Redstone would be coming on board with a 500 student housing project, and this increased bandwidth was needed to provide good performance. Councilor Wright inquired if there were any downsides. Mr. Barraclough stated there were none and it had turned out well. The price was coming down each year and agreements should never be more than one year at a time.

Councilor Paul stated this was a great deal for Telecom.

Councilors Paul and Wright made a motion to approve the agreement.

A member of the audience, Councilor Bushor, inquired if the savings would be \$140,000 annually. Mr. Barraclough stated that was correct.

A member of the audience, Councilor Decelles, inquired if there were anything in the contract that would result in the price changing in the next year. Mr. Barraclough stated it was a standard contract and the expectation was it would be maintained.

City Council President Keogh stated this was significant for expanding the customer base.

The motion passed unanimously.

5. Creation of Financial Controller Position - Telecom

Mr. Barraclough stated this was a position that was vital for the business. If BT could avoid filling the position, it would. The person previously doing this work had recently accepted the position of Chief Accountant in the Clerk/Treasurer's Office. The accounting staff remained at under 3 and there was a strong need to manage cash. It was imperative to have the necessary accounting resources. He noted that it might be possible to avoid hiring for at least a few months by having people help with the work for a couple of days a week. If not, recruitment would be necessary.

City Council President Keogh stated he was glad BT was in a good situation. He requested an update for the Council soon. He inquired who oversaw Burlington Telecom. Mayor Kiss stated that the CAO's Office had oversight, but that Burlington Telecom sustains itself on a day to day basis.

Councilor Wright inquired if it would be possible to bring someone in for a couple of days a week to get by. Mr. Barraclough stated it was his intention, but he was not confident it would be sufficient. Councilor Wright inquired if this could wait until a new administration was in place. Mr. Barraclough stated it was a very specific skill set required that was not normally found

within city accounting. He stated there was a focus on closing the books each month, maintaining cash flow, and planning for the future of the business. If sales were disappointing, pre-emptive action had to be taken to ensure the cash position.

Councilor Wright inquired if it was important to closely monitor the daily and monthly cash position and ensure that it remained cash positive. Mr. Barraclough stated that was correct and added that it was necessary to pay interest on the \$16.9 million. Councilor Wright inquired if the position continues to get better or if it's level. Mr. Barraclough stated that the decline in sales last year was affecting revenue this year. That had been offset by being conservative on the cost fronts.

ACAO Goodwin stated that the former Chief Accountant had retired, but was still providing support. The only individual that had the skills and experience to replace the Chief Accountant was the Telecom Accountant. This applicant had worked in many roles throughout the City. She had learned how to run finances at BT, but there was now a need in the Clerk/Treasurer's Office. She has accepted the position, so her involvement at BT was reduced. There needed to be a replacement at BT and they would need to have a primary focus on BT, not other areas of the City. This would solidify the strength of the financial team. It would be a difficult position to fill, but steps needed to be taken to move forward. The person would be hired as part of the Clerk/Treasurer's Office and waiting for a new administration would be unusual, as it is not an appointed position. The biggest budget cut last year came from the Clerk/Treasurer's Office and the staff was lean.

A member of the audience, Councilor Bushor, stated that she would have liked to know about the challenges in the financial staffing and was previously unaware of the depth of the cuts. She believed the City and BT need to move forward and it was not good that there was only one person that could serve these roles. She stated there needed to be more cross training and that this was a bad situation. She spoke in favor of approving the position. ACAO Goodwin stated there were others who considered taking the position, but she was the best person to fill it.

A member of the audience, Councilor Decelles, inquired what the pay scale for the position was. Mayor Kiss stated it would be \$74,615-\$91,909. Councilor Decelles inquired what the pay scale of the CAO was. Interim CAO Schrader stated it is in the neighborhood of \$101,000. Councilor Decelles inquired what would be necessary to bring in a strong candidate. Mr. Barraclough stated that in another business he oversaw, a similar person was paid \$150,000, but that was a different market.

Councilor Wright inquired if the Telecom accountant had moved to the City side and this would create a new position. He inquired what that would add to BT's budget. Mr. Barraclough stated it was budgeted above what this would cost. Councilor Paul stated this was just filling the vacant position. Councilor Wright inquired what differences there would be with the new position. Mr. Barraclough stated there would be less focus on only keeping the books and more on forecasting and anticipating future needs.

Councilor Paul and City Council President Keogh made a motion to approve the position. The motion passed unanimously.

The meeting was adjourned at 6:02 pm.